



VISHNU PRAKASH R PUNGLIA LIMITED

ENGINEER, CONTRACTOR & DESIGNER

An ISO 9001: 2015 Certified Company

August 20, 2024

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
21st Floor, Dalal Street, Fort,
Mumbai – 400 001

BSE Scrip Code: 543974

To,
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1,
Block G, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400 051

NSE Scrip Symbol: VPRPL

Dear Sir/Madam,

Sub: Transcript of earnings call held on Wednesday, August 14, 2024.

Ref: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)

Dear Sir/Madam,

In continuation with the earlier intimation dated August 17, 2024, please find enclosed revised transcript of earnings conference call held on Wednesday, August 14, 2024 at 2.00 PM (IST). It is also available on the website of the Company at www.vprp.co.in.

You are requested to take the same on record.

Thanking you

For VISHNU PRAKASH R PUNGLIA LIMITED

NEHA
MATNANI

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NEHA MATNANI
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Neha Matnani
Company Secretary and Compliance Officer
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Maharashtra**

Vishnu Prakash R. Punglia Limited
Q1 FY25 Earnings Conference Call
August 14, 2024

Moderator: Welcome to the Vishnu Prakash R. Punglia Limited Q1FY25 earnings conference call. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. I would now like to hand over the conference to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you ma'am.

Purvangi Jain: Good afternoon, everyone, and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the investor relations of Vishnu Prakash R. Punglia Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the first quarter of FY25.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. These forward-looking statements are subject to risk and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now let me introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks. We have with us Mr. Manohar Lal Punglia, Managing Director, Mr. Jayant Punglia, Project Coordinator, and Mr. Sarfaraz Ahmed, Chief Financial Officer. Without any delay, I request Mr. Manohar Lal Punglia to start with his opening remarks. Thank you and over to you, sir. Thank you.

Manohar Lal Punglia: Best wishes to all of you from me and my company. I welcome you all this earnings call. For those who do not know about the company, I will start with brief opening remarks about the company. VPRPL was established in 1986. We are an infra developmental company. We have experience in delivering various projects run by the center government in EPC mode.

The company thanks all the 13 family members of Punglia family and more than 110 experienced engineers, staffs, and various researchers who are working on the implementation

of the program and improvement of the company. For 4 decades we are in EPC business. We have done many projects in water supply segment wherein we build water treatment plant, overhead tank, pipeline, sewer treatment plant, sewer line, and irrigation channel. In this area, our company's revenue is about 67% of the total. In railway segment we construct railway station, laying of railway tracks, allied buildings, platform and other railway works, our revenue is around 17%. And in road works, flyover, our revenue is around 6% in construction. And apart from this, there is some remaining work. We have about more than 500 vehicles and all kinds of new and new-generation construction equipment are in place. The company's focus in the present is to develop in-house construction related facilities through backward integration. This is in line with the company's raw material cost savings. Ready-Mix Concrete to prepare a single mixture of design grade cement concrete to be available at the construction sites, crusher unit for crushing of stones to prepare aggregates, hot mix plant to process bitumen, laboratory for material testing, steel structure for welding and molding and workshop for machinery maintenance. With these in-house manufacturing capacities we are able to considerably reduce the Project Cost without any compromise to its quality.

Till June 2024, we have an order book of around Rs.4,915 crores. Even after June the company has received Rs. 510 crores of new orders which will be executed in about 24 to 27 months. Our company is committed to using all its human and machine resources to meet the needs of all human beings at a time of full efficiency.

I am confident that we will be successful in fulfilling our goals with the help of our long-term research and efforts. We will fulfill the expectations of the company. Now I am calling Mr. Sarfaraz Ahmed for giving financial highlights.

Sarfaraz Ahmed:

Thank you, sir. Good afternoon, everybody, and welcome to this earning call. Let me take you through the financial performance of the company for the first quarter of financial year 2025. The revenue from operation stood at Rs. 257 crores, which decreased by around 7.8% on year-on-year basis. EBITDA was reported at around Rs. 34 crores, which increased by around 3.1% year-on-year basis with the EBITDA margin reported at 13.09% exhibiting growth of 137 basis points year on year basis. Our net profit for the quarter stood at around Rs. 15 crores as compared to Rs. 16 crores in the quarter one of last financial year, which has decreased 9.8% year on year basis. PAT margin for the quarter stood at 5.77%, a marginal decline of 13 basis points year-on-year basis. Now, I am passing on the call to Mr. Jayant Punglia to provide operational highlights for the quarter under review.

Jayant Punglia:

Thank you sir. I am Jayant Punglia. Welcome to the earnings call. It is important to acknowledge that the first quarter as is typical in our industry has contributed lower revenue compared to the other quarters. This is a trend we see consistently across the sector. This particular quarter was further impacted by the election period, which caused delays in billing and payment processes. These delays, in turn, led to temporary setbacks in work certifications and subsequent payments by the respective departments and clients. Despite these challenges, our

company demonstrated resilience by continuing the execution of our projects. We are confident that this will translate into revenue growth in the coming quarters. I am pleased to report that during the current financial year, our company was awarded new orders worth Rs. 943.48 crores. As of June 30, 2024, our robust order book stands at approximately Rs. 4,914 crores, positioning us strongly for the future. We have also expanded our operations into the state of Goa, marking a significant milestone in our growth strategy. Furthermore, we have a strong prospective pipeline with new bidding orders worth approximately Rs. 5,000 crores, likely to be decided in the coming months. This pipeline reflects our ongoing commitment to securing new projects and maintaining a healthy order book. With operations expected to gain momentum in the upcoming quarters, we are confident that we will achieve robust growth moving forward.

In conclusion, I want to express my optimism for the future. We have faced challenges, but we have also laid a strong foundation for growth. With a healthy order book, a robust pipeline, and a dedicated team, we are well positioned to capitalize on the market opportunities that lie ahead. With this, we can now open the floor for question and answer session.

Moderator: Thank you very much. The next question is from the line of Dheeraj Ram from Ashika Investment. Please go ahead sir.

Dheeraj Ram: My first question is, what is the percentage of retention money that is held with the client? And I am trying to understand how do you do the accounting treatment for this?

Sarfaraz Ahmed: Sir, generally the retention money is 5%. Treatment of the same is segregated into due and undue debtors. [Line disconnected]

Moderator: Thank you. The next question is from the line of Manan from Wallfort PMS. Please go ahead

Manan: I just wanted to understand that our revenues, we are a company in which we should see revenues by year-on-year, not on quarter-on-quarter basis because we see that most of our revenues come in the last quarter and our first quarter is a little bit weak. So do you have any sort of guidance for us for this year in terms of revenue?

Sarfaraz Ahmed: Sir, the revenue of the first quarter is slow. That is industry trend. Overall, it will increase with growth because we have an order book of around Rs. 5,000 crores.

Manan: So, I wanted to understand that our receivables have increased a lot in the last year. Our receivable day, our debtor day was around 160 something. So, how are our receivables looking in this quarter? Are we getting payment?

Sarfaraz Ahmed: We are getting payment for receivables. And now due to election time, it was a little slow. It is getting proper now. And it will be clear in the coming quarters.

Manan: Okay, so we can come back to the previous data days, 60-70 days?

Sarfaraz Ahmed: Yes, sir.

Manan: And from our order pipeline of Rs. 5000 crores, how much is convertible for us, the conversion rate?

Sarfaraz Ahmed: Sir, the historic conversion rate is around 17% to 18%. Pipeline is Rs. 5000 crores. So we are expecting we will get orders in that ratio.

Manan: So around like Rs. 800 crores, from this?

Sarfaraz Ahmed: Yes. Up till June 30 our order book is Rs. 4915 crores. After that we got another Rs. 500 crores.

Manan: And any guidance for this year sir, in revenue?

Sarfaraz Ahmed: Revenue will be in growth, between 15% to 20% on a conservative side.

Moderator: Thank you very much. The next question is from the line of Madhu Rajesh Bhandari from Nakoda Investment. Please go ahead, sir.

Madhu Rajesh Bhandari: I would like to congratulate you that you have taken this conference call in Hindi. It was very good, sir. I am also from Jodhpur. That's great. And I am your neighbor in fact. You have an order book of more than Rs. 5000 crores. That's great. But your turnover is around Rs. 1200 crores a year.

Sarfaraz Ahmed: Sir, the last year's cut-off is of Rs.1473 crores.

Madhu Rajesh Bhandari: So, does it take 4 year to complete the project?

Sarfaraz Ahmed: Sir, it takes 2-3 years to complete the project.

Madhu Rajesh Bhandari: I was part of McNally Bharat Marketing, in fact. So, I have an idea of EPC. So, as you said, 67% are water-related, in the HCP, WDP and all. And 17% are railway-related. And 6% are roads. So, sir, only 6% are roads, but the equipment related to roads is very high. So, if there are opportunities on the roads, can't we increase the offer?

Manohar Lal Punglia: Sir, these equipments are very useful in water supply projects. These are RMC plants, so we use them in water supply. And they are used in the railway as well.

Madhu Rajesh Bhandari: Okay, so it's a common purpose.

Manohar Lal Punglia: Yes, it's a common purpose.

Madhu Rajesh Bhandari: Okay, but in roads, we have 6%, can't we increase it more because there is so much demand in the market

Manohar Lal Punglia: Sir, we are doing our best to get work.

Madhu Rajesh Bhandari: Even the railway track sir, railway track, platform, railway has a lot of work sir. The other rail related companies, if they have made a lot of progress, we can also do it. We can increase the 17% to 30%-35%.

Manohar Lal Punglia: Sir, after this June, we have received almost Rs. 510 crores of orders from the railway.

Madhu Rajesh Bhandari: And secondly, sir, does this LD penalty also happen when someone gets late for a job?

Sarfaraz Ahmed: Sir, provision is there and it is original delay then penalty is not cut. If there is any specific conflict, then there is clause.

Madhu Rajesh Bhandari: My cause my study is like that normally in HCP, WDP, water reservoirs etc. One is that there are not many margins and second is that the work is delayed due to government.

Sarfaraz Ahmed: Sir, is it still a 36-year experience. You have been working for a long time.

Madhu Rajesh Bhandari: No, no, that is there, sir. That is there, sir. There is no doubt in that. You people have a very good experience. There are many other sources, sir, with which I have taken information. I will meet you when I come to Jodhpur, sir. I am in Bombay right now, by the way. So, I wanted to say is that we should increase the percentage in the road side and railways also because there is a lot of scope in that too.

Manohar Lal Punglia: We will try to increase the percentage in that also.

Madhu Rajesh Bhandari: Thank you very much. And I wish you a lot of success for the future also from my side. Thank you.

Sarfaraz Ahmed: Thank you sir.

Moderator: Thank you very much. The next question is from the line of Neeraj Ram from Ashika. Please go ahead, sir.

Neeraj Ram: Thank you for the opportunity again. My first question is, out of the new orders, which you have received, which is Rs. 943 crores, how much is the water supply project orders?

Sarfaraz Ahmed: Out of 943 crores, 500 crores are related to railway projects and remaining are water supply projects.

Neeraj Ram: Okay, got it. And my second question is, I've studied a few companies who are in the mission, who are doing railway mission. So I've seen Vishnu Prakash, VPRPL has a higher margin compared to all those other companies. So what are we doing differently than those companies that we have a higher EBITDA margin?

Sarfaraz Ahmed: Sir, already 13 members are there, promoters of promoters group with professional teams of 110 person. Apart from that, we have developed backward integration which helps us in earning cost. Plus, we have a process of tendering and bidding. We see that if a project is already going on, we should do it together. And if we bid in a new place, we should start with a lower value project. So, many things are involved in that.

Neeraj Ram: One last question, sir. What is your working capital that is being stuck for a water supply project? Suppose a water project which is Rs. 400 Cr, for example. So how much is your working capital being stuck in that project? And this is especially for water supply projects.

Sarfaraz Ahmed: Sir, in water supply project, working capital requirement is between 10% to 15% initially.

Moderator: Thank you very much. The next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat: How many orders have we received from Jal Jeevan Mission from the Rs. 5,000 crores order book?

Sarfaraz Ahmed: The water supply related is around 1900 crores projects in Jal Jeevan.

Pradeep Rawat: And how many orders did we have from Jal Jeevan Mission last year?

Sarfaraz Ahmed: Last year, it was around 1400, which was pending for execution. Now we have got more orders.

Pradeep Rawat: And sir once Jal Jeevan Mission spreads in India and the tap water reached many houses, so after that, we feel that there will be less orders from Jal Jeevan Mission.

Manohar Lal Punglia: It's been so long that we can't finish this scope. Along with the Jal Jeevan mission, Amrut 2 has also started for water supply project in the big city. We have also got a work in that. We are doing it in the Prayagraj project, in Amrut 2. So, scope is not going to end.

Sarfaraz Ahmed: One more thing I would like to add is that these are public utility projects, so there is regular demand. So this is a continuous process.

Pradeep Rawat: Okay, I understand. You mentioned about backward integration, I missed it in the starting. Can you repeat what you are doing in backward integration?

Sarfaraz Ahmed: Sir, in backward integration, we are already running RMC plant, which is between 17 and 20. We have crusher units, we have hot mix plant, even laboratory is there and steel structure plant. Other than that, there is a workshop for fabrication. And there is a Macadam plant, and other plants are also there. And now we are seeing opportunities to do something that will reduce cost.

Pradeep Rawat: Okay. So, is there any project in our mind that we can do in the coming year?

Manohar Lal Pungalia: Sir, we have a Rs. 5,000 crores tender in our pipeline

Pradeep Rawat: I am talking about backward integration. That in which we are doing a project which increases our margin by moving forward?

Sarfaraz Ahmed: Yes sir. In the railways, the bidding that we have done, we have come to the orders, so we are working on the order related to that. After this, our plan is that we should continue using the internal plant of the pipes and increase utilization of our own plant.

Pradeep Rawat: And sir, my last question is a bit basic. So our revenue comes in fourth quarter is more. So I wanted to know the reason behind that. Why does this happen every year?

Manohar Lal Pungalia: Sir, this is our government project. In this, our revenue actually comes in the fourth quarter because the budget of the government project is more available. This is how it works. From 86 onwards we are seeing that this is our best quarter, in March.

Moderator: Thank you. The next question is from the line of Ninand from Aditya Birla. Please go ahead

Ninand: I have 2 questions, one is around interest and depreciation cost. I have seen that your debtor days have increased, so your short term borrowing is more. And as you have mentioned previously, you can bring from 160 to debtors days back to 60-70 days. How much time will it take for that? And what will be interest and depreciation costs in the future? You can tell us about that.

Sarfaraz Ahmed: The reason for the increase in the debtors days is also known to you. Due to the union elections, the payments were slowed down by the department. So, now, it will take 3-4 months for all the cycle to be set up.

Ninand: And sir, as soon as the debtor days are reduced, will you reduce our short-term borrowings along the same period?

Sarfaraz Ahmed: Absolutely, sir.

Ninand: So I assume that the interest cost will be reduced. What about the depreciation?

Sarfaraz Ahmed: The depreciation will come on the basis of my CAPEX. As much as I have the requirement, I will have to purchase more.

Ninand: Can you give guidance on CAPEX annually?

Sarfaraz Ahmed: My CAPEX is around Rs. 30 crores annually.

Ninand: Coming to my second question. What is the bifurcation of the material cost? Like pipes, chemicals, pumps, bitumen? Which one costs more?

Sarfaraz Ahmed: It depends majorly on the type of projects, like in the water supply projects, major portion is pipes. Then there is steel, cement, aggregates, etc. These are other mechanical items also.

Ninand: And for the rest of railway projects?

Sarfaraz Ahmed: In that also we have ROC cover, then it is civil and rest, so steel, cement, aggregate, so all those major items, plus the blocks for the bridge. That too also is big part.

Ninand: Can you tell any percentage wise number?

Sarfaraz Ahmed: Material portion is around 60%.

Moderator: Thank you very much. The next question is from the line of Yash from IFS. Please go ahead.

Yash: Sir, last time you said about diversifying across states. So, can we talk about its progress? What other states are being targeted? What is its status?

Manohar Lal Punglia: Sir, we have done water treatment plant in Goa. We have been in Goa. And our target is in Tamil Nadu. And our next target is Telangana. There are many water supply projects in Telangana, and we are involved in that.

Yash: My next question is, the pipeline of Rs. 5,000 crores that you have talked about, what is the breakdown between the water, railways and roads, approximately and if you could give us an idea of the states, that would be great

Manohar Lal Punglia: We cannot tell you about this, but we have done it.

Yash: Sir, you were also telling us about the material. So, where do you usually source the material? Like, cement, pipes and all. Which companies do you take it from? Can you give us the details?

Manohar Lal Punglia: Sir, there are many companies. Like, there are many companies like in DI pipes there is Jindal, Electroderm, Electrosteel, Tata, Rashmi, Jai Balaji, we take it from all. For AGB pipes we take it

from the large plant nearby where the work is going on. There are big groups in this steel and cement

Moderator: Thank you. The next question is from the line of Mohan Chand an individual investor. Please go ahead.

Mohan Chand: Sir, some questions have been answered. One, the trade receivable money that you guided in the last call because of the election and all, you know, the numbers are high, but in future or coming months, it will be recovered. So I wanted to know, sir, in number terms, if you can tell me that our trade receivable was Rs. 670 crores on 31st March. So as on date, sir, what is the number of trade receivables and debtors?

Sarfaraz Ahmed: Rs. 670 crores, I want to tell, due undue was there. So retention was also there. And net 100 to 300 something debtor was there, so around 40% to 60% recovered.

Mohan Chand: Okay, so you are saying 40% to 60% is recovered as on that out of that Rs. 670 Cr.?

Sarfaraz Ahmed: Yes

Mohan Chand: What will be the broad debtor number broadly? I mean, let's find out the year debtor collection date. Because if we look at the exact number, because the past rate used to be 60 and then it was around 166 in March. So what will be the as on date number?

Sarfaraz Ahmed: Sir, it will be the same pattern because the work has been done. So, if there are any payments left, you will get the details in the next quarter.

Mohan Chand: Okay. Okay. So, in this quarter, because the situation is not normalized yet, we should expect that it will be around 120-140

Sarfaraz Ahmed: Now in this situation it will take around 3-4 months now.

Mohan Chand: What I understand is that roughly 37% of your bid line is based in Rajasthan, right, the order book.

Sarfaraz Ahmed: Yes.

Mohan Chand: And there was some rumour in the market that the new government is reconsidering some of the tenders which were awarded by the last government. So are we facing any challenges on that front? Has this happened in our case?

Manohar Lal Pungalia: No, this has not happened.

Moderator: Thank you very much. The next question is from the line of Mr. Raghav, individual investor, please go ahead.

Raghav: Yeah, sir, my question here, our already order book is worth 5,000 crores and we have done bidding of almost Rs. 5,000 crores. Say for example, we get 15% to 20% order, right, 800 to 1,000 crores. So sir, will we be able to execute order from the IPO proceeds that we had last year issued or will we need more money from QIP to bid for the upcoming year?

Sarfaraz Ahmed: No sir, as of now, we have sufficient money for the company's order book. We don't have any requirement till next year.

Raghav: Okay, and sir, if you have such a big opportunity in water and railway segment, do we need roads as well?

Sarfaraz Ahmed: We are bidding in roads, water and railways, they are a big opportunity.

Raghav: I am asking if government-focused area is water and railway, then why are we diversifying into the road sector. Coming times will there be 30% in the railways, 30% in the water segment and 30% from road segment or will the main focus be in the railways and water?

Sarfaraz Ahmed: Even today, if you see, my participation in the roads is very less. If you see 5%-7% revenue, it is not more than that for road. My focus is water supply and the opportunities in railways as they are coming, we are focusing. So, the latest orders are water supply and railways. The one which got awarded that too.

Raghav: Right. And sir, in the last two years, what is the top line of CAGR growth expectations?

Sarfaraz Ahmed: Sir, 15% to 20%

Moderator: Thank you. The next question is from the line of Ankur Kumar from Alpha Capital. Please go ahead.

Ankur Kumar: I want to understand the seasonality, like how big is Q4 compared to other 3 quarters?

Sarfaraz Ahmed: Sir, Q4 is 45% of our overalls.

Ankur Kumar: And sir, in Q2, is there any negative impact of monsoon in Q2 or things go fine in this?

Sarfaraz Ahmed: Slowdown is there, there is some slowdown due to monsoon.

Ankur Kumar: And sir, any comment on your margins?

Sarfaraz Ahmed: Margin is better and will be better. And EBITDA will be better.

Moderator: Thank you very much. The next question is from the line of Neeraj Ram from Ashika. Please go ahead.

Neeraj Ram: So my first question is, what is the bidding process for water supply projects? And out of this, what is the performance bank guarantee and what is advanced bank guarantee?

Sarfraz Ahmed: The bidding process is similar, whether it is water supply or railways, in which the project is identified and bidding is done. The system is done online. Plus, the performance in this is 5%-10% in the bank guarantee. And the bank guarantee for advance is not in every project. It is in some projects where the bank guarantee for mobilization advance is 10%.

Neeraj Ram: And you said that you are venturing into new states and new parts of India. So are you doing any joint ventures like I have read the DRHP, so in that we have mentioned we have done joint ventures with VA Tech Wabag in the past. So are you doing any joint ventures already to get new orders?

Sarfraz Ahmed: Sir, as of now, we are still doing our 18 joint ventures and in bidding we need technical support requirement then we go for joint ventures, that is the industry trend.

Neeraj Ram: The new order book, how many joint ventures?

Sarfraz Ahmed: Two joint ventures, sir.

Moderator: Thank you. The next question is from the line of Dixit Kumar, individual investor. Please go ahead.

Dixit Kumar: Sir, we have three verticals in our business. Rail, road and water projects. So, in the coming years, which can we focus more on? And where can we get more opportunities? Can you explain that?

Jayant Punglia: Our main focus and core competency is in our water supply projects. And from the last few years, the focus of the government has been in railways. We have developed ourselves similarly in railways as well. Similarly, we are expanding ourselves in roads, sewerages, irrigation and tunnels we are expanding ourselves.

Dixit Kumar: Okay. So sir, water sector, as you have said, can you tell us about the macro level of water sector, how much it can grow in India, what opportunities do you see in the next five years in the overall water sector?

Jayant Punglia: Sir, there is a robust growth in water. As we have seen in the Union budget, the Ministry of Jal Shakti has announced budget of 98,700 crores for Jal Jeevan mission. Since this is a basic utility project the consistency is going to remain, like the Jal Jeevan mission, similarly 8000 crores are allotted for Amrut 2.0. Opportunities are abundant in water segment.

Dixit Kumar: So, sir, the government is focusing on the water sector. So, Vishnu Prakash, your company, where do you see it in the next five years? I mean, now you are doing a top line growth of Rs.1500 crores. So, where do you see Vishnu Prakash in the next five years?

Jayant Punglia: The historical trend and progress that we have seen, it has been very conservative. And according to that, sir, we are moving forward from the same pace.

Moderator: Thank you very much. The next question is from the line of Takesh Patwa, individual investor. Please go ahead, sir.

Takesh Patwa: Sir, my question is on the same line. I am seeing that your history of the company is that the sales CAGR is 32% for 5 years and 45% for 3 years. And the profit CAGR is 58% for 5 years and 86% for 3 years. But when I am hearing that you are saying that CAGR will grow by 15%-20% top line. So, are we, with so much opportunity that we have, still our growth will be less?

Sarfraz Ahmed: Sir, 15% to 20% on conservative side. Growth, we will only expect to grow more and more. But on a conservative side, I gave you that guidance.

Takesh Patwa: Yes sir, I understood conservative side but just I am seeing the last 3 years, it was 45%. 15 to 20 means you said half the....

Sarfraz Ahmed: Now the scale is increasing, right and the company is becoming more visible, so according to that guidance is given.

Takesh Patwa: Okay, sir. And what about profit growth? Profit growth was higher than the sales growth. So, will that continue? Will profit growth be higher?

Sarfraz Ahmed: It is sustainable.

Moderator: Thank you. The next question is from the line of Swati. Please go ahead.

Swati: Hello. Good afternoon, sir. Good afternoon. Sir, I have a couple of questions. Firstly, I wanted to ask, given the recent allocations, budget allocations in the state of Bihar and Andhra Pradesh, so does the company plan to expand their geographical presence there?

Jayant Punglia: Definitely, ma'am. Definitely we are looking to expand ourselves into, as I said earlier as well, we are looking to expand ourselves into Andhra Pradesh and in Bihar as well.

Swati: So in the 5,000 crore pipeline that you have, do you have any orders from those states or regions?

Sarfraz Ahmed: No, as of now, we don't have any orders. But we have Telangana and Tamil Nadu.

Swati: Okay, sir. And sir, in that pipeline, can you sector-wise bifurcate that your success ratio, bidding success ratio, I think, is 17%, you mentioned in the last call. So, in that 17%, at least, say, 800 crores. So, in 800 crores, can you sector-wise bifurcate that how much percentage share you are going to keep in roadways, railways, waterways?

Sarfaraz Ahmed: Ma'am, how can we tell you now? Overall, I have told you the average, 17%. I have combined all these.

Swati: And sir, last question. Are there any entry barriers for bidding for the project?

Sarfaraz Ahmed: There is an eligibility criteria, but where we have to pick a higher bid value, there are options for joint venture, through technical support.

Moderator: Thank you. The next question is from the line of Nitin Gandhi, individual investor. Please go ahead.

Nitin Gandhi: Sir, I was going through your investor presentation and in that, our performance of quarter one has come on a subdued basis. You explained it is because of elections and other things. Also mentioned that our payments delay from government side, is the payment due this quarter pending. Is there anything like this?

Sarfaraz Ahmed: It's not like that. What comes is that work certification is there. So at that time, due to elections authorities were not available. It was pending. The business slowed and the payment also slowed.

Nitin Gandhi: It has been fully realized in this quarter, right?

Sarfaraz Ahmed: There is something to be realized and the rest has already happened.

Moderator: Thank you very much. The next question is from the line of Jiten, Individual Investor. Please go ahead.

Jiten: Good, sir, very good afternoon to the team. My question is that how much is the challenge of payment delay? I understand the team has mentioned that it is a one-time issue, but going forward or in the past, how much is the challenge currently observed? And my second set of question is that in the remaining classes of FY25, how much new orders are being given?

Sarfaraz Ahmed: As such, routine is not a challenge, but it is a 5-year cycle where you have to change the cycle, that the payment is delayed a little. But in ordinary courses, the payment is mostly taken in 30 days to 45 days and the coming quarters will be better.

Jiten: And in the remaining quarters of FY25, how much new orders are we expecting?

Sarfaraz Ahmed: Sir, as of now bidding pipeline is Rs. 5000 crores and our success ratio is around 17% to 18%. That will be there.

Jiten: You mentioned about the seasonality, some participants have asked earlier that 45% of the revenue comes at Q4. So if we bifurcate it into H1 and H2, so is it safe to say that H1 is lean and H2 is strong? And if that is so, could you give a, like a break up, how much revenue H1 could generate versus H2?

Sarfaraz Ahmed: Initially, it is in quarter one, 10% to 15%, next is 20, next is 35 and remaining in Q4.

Jiten: One last question would be, so you mentioned about that in the previous call that now you are expecting more orders in railways and you do really have, you have received new orders of 500 crores, as you mentioned in the response to the earlier question. Now, going ahead, how much growth are we looking in the railways sector because right now, if you could see our breakups it is heavily skewed to water-based projects. So in railways, how much are we more expecting going forward?

Sarfaraz Ahmed: We are expecting to cover our order book up to 25%.

Jiten: 25% of Rs. 5,000 crores?

Sarfaraz Ahmed: Yes, sir. Our order book, pending for execution.

Moderator: Thank you very much. The next question is from the line of Hiren Makwana from AM Research. Please go ahead.

Hiren Makwana: Sir, I have a question. It has already been discussed that our order book is of Rs. 5000 crores and you are saying that another Rs. 500 crores we are getting. Then also why our growth guidance is conservatively side is only 15% to 20% where I can assume that easily 30% we can achieve?

Sarfaraz Ahmed: We can achieve, but now we are at a security side, that is, yes, 15% to 20%. Overall, we will try to make it better. And it will be better, sir

Hiren Makwana: Okay. You have given conservative side view, otherwise it will be better?

Sarfaraz Ahmed: Yes.

Moderator: Thank you very much. Ladies and gentlemen, due to time constraints, the next question will be the last question, which is from Amit Adija from HG Hawa. Please go ahead.

Amit Adija: Sir, my question is about the interest cost, like is the company doing something to reduce the borrowings?

Sarfaraz Ahmed: Sir, are you asking about the interest cost?

Amit Adija: Yes, both are questions. One is about interest cost and the other is the company strategy to reduce the debt?

Sarfaraz Ahmed: Sir, the interest cost has been reduced from the previous quarter.

Amit Adija: How much was it?

Sarfaraz Ahmed: In the last quarter, it was Rs. 14 crores and now it is Rs. 12 crores.

Amit Adija: No, interest rate I am saying.

Sarfaraz Ahmed: Rate of interest is between 9% to 12%.

Amit Adija: And is the company doing something to reduce the debt?

Sarfaraz Ahmed: Sir, as the payment cycle gets proper now, the debt has to be automatically reduced.

Moderator: Ladies and gentlemen, I now hand the conference over to the management from Vishnu Prakash R. Punglia Limited for closing comments.

Sarfaraz Ahmed: Thank you all for participating in this earning call. I hope you have been able to answer your questions satisfactorily. If you have any further questions or would like to know more about the company, please reach out to our IR manager at Valorem Advisors. Thank you.

Moderator: On behalf of Vishnu Prakash R. Punglia Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.